New Car Sales

SMMT figures for July continue to show registrations stabilising when compared to the record high of last year with a small growth of 0.1%. As always, the devil is in the detail and the breakdown of where the volume was registered is key. Private sales continue to contract for the fourth month in a row, 6.1% down on the same month last year and now 6.1% cumulatively behind 2015. Year-to-date, the market is still ahead of 2015 by 2.8% but the volumes of fleet and business registrations (which include rental) are on the incline balancing the weaker retail performance. Daily rental volumes appear to be on the increase with significant activity in this area during the month of July. The chart below illustrates the trends that are developing with cumulative year to date registrations vs. 2015.

The success of true retail registrations will be critical to the stability of the nearly new market as we approach final quarter of the year. Franchised retailers are likely to have to pre-register cars in order to achieve significant volume and marketing bonuses from their respective manufacturers. If true retail falls short, it appears inevitable that the market will spike with nearly new and retailers stock profiles will become unnaturally weighted towards current plate, delivery mileage units. The impact of this could lead to squeezed used car margins going forwards until the more natural balance of stock returns. Much has been said about the effect of exchange rate on manufacturers and the subsequent profitability in the UK market, volume aspirations and committed build will determine future volumes. We may not see the impact on potential reduced volumes until 2017.

Used Cars Retail

The response rate to the dealer survey has been particularly strong this month which is more than likely to be as a result of the strong views held by the industry professionals as we move into such a critical time for the automotive market.
Looking into enquiry rates, those dealers surveyed by cap hpi reported that both footfall and online activity had eased in August which is not to be unexpected through the holiday season. When comparing the results against 2015, online activity was less positive than this year which reinforces the change in customer’s research behaviour moving from dealer visits to the internet.

When asked about retained margins, dealers have suggested a marginal increase against the previous month and, when compared to August 2015, this has shown an increase of 10% of dealers posting a positive dealer sentiment.

cap hpi asked the dealers where they felt new car order take was as a percentage of target in comparison to the same period this year. 28% suggested it was at a similar level, 21% reported an increase with the remaining 51% stating that their order take was lower. Interestingly, just over half of the dealers surveyed were of the opinion that the new car market in September 2016 would contract against the same month last year.

**Auction Activity**

In the main, Auction activity has been relatively strong. Despite the holiday season, the halls have experienced good attendance levels and the balance of this alongside an easing in stock levels led to conversion rates holding well through August. Late plate offerings presented something of a challenge as too have the majority of lower graded, poorer condition vehicles. The importance of reducing the time it takes to buy, prepare and ensure a car is on sale is causing some of the more labour intensive cars to be left behind, with buyers focusing on better condition examples. The flow of stock from offer to sale has been smoothed with vendors keeping a close eye on the market and looking to prepare for managing inventory with reasonably higher levels of de-fleets expected in September. Black book Live will continue to monitor the sales data volume and reflect the market on a daily basis.

**Used Cars – Trade Values**

Overall, at the 3 year 60,000 mile mark, values saw a reduction of 0.7% in black book Live through August and for monthly subscribers this is the drop they will see for the September Book. This has been driven by consistent performances throughout most sales channels and is steadier than the 1.6% reduction experienced during July. The monthly product for September 2015 had seen an overall decline of 0.6% which shows 2016 to have been a little weaker, although it fell within the seasonal average movement for September of 0.9%.

Moving into the sectors, most performed in line with the general market trends although some did display slightly unusual patterns.

City Car performance has been unusually strong with a reduction of only 0.7% at 3 years 60,000 miles. When compared with the average reductions of 2.1% over the previous four months it certainly found some traction moving into September. This may need to be tempered though as this sector is one that is usually significantly impacted by tactical registrations alongside aggressive new car marketing campaigns so whilst the data has led to only slight erosion into the month, an eye must be kept on activity over the next few weeks.

SUV remained relatively stable with an average downward movement of 0.4% into September at the 3 year 60,000 miles marker. Again, when compared with the previous four month average reduction of 1.4% the sector remains popular with retail buyers despite ever-growing volumes entering the market. Delving into the detail of the broad range of vehicles within the sector, there has been significant strength within the larger derivatives and the true 4x4 models with low stock volumes driving a premium sale price. The medium size SUV’s, whilst still performing relatively well, are not quite showing the same level of strength.

Lower Medium (Astra, Fiesta, Golf for example) certainly saw a little more stability with an overall movement of 0.8% at 3 years 60,000 miles. This sector saw average reductions of 1.9% in the previous four months. However, when compared to the 0.2% reduction that took place in black book Live in August 2015, the pressure is still greater this year. Late plate derivatives find...
themselves under pressure with more than enough examples in the open market and we would expect that the availability of Lower Medium vehicles will increase as the September de-fleeted vehicles find their way into the open market.

Supermini followed a similar pattern to City Car. Whilst values eroded by 0.7% at 3 years 60,000 into September, this is a far more stable movement than the previous four month 2.1% average. Stock was by no means limited throughout August but there were sufficient buyers with appetite to lead to price remaining relatively stable. Again, a keen eye must be kept on September new car activity in this sector as we have observed some of the historic tactical registration activity impacting values.

The Executive sectors all felt increased pressure throughout August with Executive (-1.0%), Large Executive (-1.1%) and Luxury Executive (-1.2%) all suffering larger than overall average movements at the 3 year 60,000 mile benchmark. Demand for the available stock does not appear to be in line causing values to ease at a greater pace than some of the other sectors.

The Upper Medium Sector (Mondeo, Insignia and Passat for example) performed in line with the overall average movement of 0.7% reduction at 3 years 60,000 miles. One interesting point to note is that the diesel derivatives within the data moved down by 1% in contrast to petrol examples that averaged a 0.2% reduction as higher volumes of diesel fuelled vehicles found their way into the market. Overall, some relative strength across most of the sectors without a great deal of unusual activity through August.

What Next?

There are likely to be two pressure points moving forwards, the nearly new market and also potentially higher volumes of stock entering the used car arena. The majority of manufacturers still have significant volume aspirations for the remainder of the year and the new car retail performance in September will dictate just how far reaching the effect of pre-registration activity will be over the used car market in the final months of the year. With ongoing reports of dealer stock at such high levels, another wave of pre-registered cars could continue to put pressure on cash flow and stocking plans leading to increased stress on margins and profitability. Used retail performance has remained buoyant for most of the year and this is being reflected with average used car movements remaining within the seasonal averages. However, September is likely to see significant volumes of stock being de-fleeted from various channels and this will give buyers with headroom plenty of choice. When we see high volumes of stock for sale, condition becomes key as poor and unprepared vehicles will struggle whilst “cap clean”, desirable models will almost always find a buyer. Providing retail demand remains strong, the higher de-fleet volumes could be absorbed without too dramatic an effect on price. Should demand begin to ease, we may see a little more pressure on values. The final quarter of 2016 will inevitably see values slip away and if history is an indication of what will happen in the future, and the market dynamics follow those of last year, we may see monthly values reduce by an average of 2%. Stock management, stock turn and realistic retail pricing have always been key to used car success and will be absolutely critical throughout the month. Black book Live will continue to report market movements on a daily basis.
### Black Book September 16 - Plate Uplift Excluded Average Value Movements

<table>
<thead>
<tr>
<th></th>
<th>1 yr/10k</th>
<th>3 yr/60k</th>
<th>5 yr/80k</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Car</td>
<td>(0.2%)</td>
<td>(0.7%)</td>
<td>0.3%</td>
</tr>
<tr>
<td>Supermini</td>
<td>(0.5%)</td>
<td>(0.7%)</td>
<td>(0.8%)</td>
</tr>
<tr>
<td>Lower Medium</td>
<td>(0.8%)</td>
<td>(0.8%)</td>
<td>(1.0%)</td>
</tr>
<tr>
<td>Upper Medium</td>
<td>(1.5%)</td>
<td>(0.7%)</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>Executive</td>
<td>(1.1%)</td>
<td>(1.0%)</td>
<td>(0.9%)</td>
</tr>
<tr>
<td>Large Executive</td>
<td>(1.2%)</td>
<td>(1.1%)</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>MPV</td>
<td>(0.4%)</td>
<td>(0.6%)</td>
<td>(0.7%)</td>
</tr>
<tr>
<td>SUV</td>
<td>(0.5%)</td>
<td>(0.4%)</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>Electric</td>
<td>(1.2%)</td>
<td>(1.3%)</td>
<td>1.9%</td>
</tr>
<tr>
<td>Convertible</td>
<td>(0.8%)</td>
<td>(1.2%)</td>
<td>(1.3%)</td>
</tr>
<tr>
<td>Coupe Cabriolet</td>
<td>(1.5%)</td>
<td>(1.8%)</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>Sports</td>
<td>(0.4%)</td>
<td>(0.4%)</td>
<td>(0.0%)</td>
</tr>
<tr>
<td>Luxury Executive</td>
<td>(1.9%)</td>
<td>(1.2%)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Supercar</td>
<td>(0.3%)</td>
<td>0.1%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Average Movement</td>
<td>(0.8%)</td>
<td>(0.7%)</td>
<td>(0.6%)</td>
</tr>
</tbody>
</table>

### Market Sentiment by Sector

**Highest Trade Sales Volume (Sector Share %)**

<table>
<thead>
<tr>
<th>Model</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIAT 500 (08-)</td>
<td>16.09%</td>
</tr>
<tr>
<td>FORD KA (09-)</td>
<td>10.23%</td>
</tr>
<tr>
<td>CITROEN C1 (09-14)</td>
<td>6.60%</td>
</tr>
<tr>
<td>TOYOTA AYGO (09-14)</td>
<td>6.02%</td>
</tr>
<tr>
<td>PEUGEOT 107 (08-14)</td>
<td>5.91%</td>
</tr>
</tbody>
</table>

City Car

Values have firmed up compared to the previous month’s movements and the reduction of 0.7% at 3 years 60,000 miles was far less than the 1.5% deterioration experienced in September 2015. Demand for stock had been strong especially toward the end of the month. Even considering potential buyer apprehension with the new plate round the corner and possible pre-registration activity, values remained stable. Our internal disposals data showed that the sector share had increased to 5.5% of overall trade sales records received when compared to 4.9% at the same period last year. In percentage terms, this shows a growth in trade sales data of 17.3% vs. 2015. Interestingly, this sector has seen a decline in new car registrations of 3.5% year to date when compared to 2015 and this may have gone some way to explain the firming of values. Some notable movers within the sector were the Arbath 500/595 (09-) which saw values decline to reflect weak market performance, however, the 1.4 T-Jet [135] performed well and saw values held level. The Citroen C1 (09-14) saw strength with the exception of the 3 Door models which eased back.
This sector had witnessed its fair share of stock throughout August and although values overall have moved down, the average movement was only small. Some buyers seem to have continued to buy stock even though one of the busiest months of the year was only just around the corner. As expected demand did slow a little, but perhaps not by as much as some may have predicted. Instead some buyers seem to have been out choosing stock perhaps because supplies of fresh stock from the September plate change seem to take a while to filter through to the wholesale market and therefore focused retailers don’t want to get caught out with a shortage of stock through the early part of September. Buyers have managed to pay slightly less for stock, whilst at the same time have been specific with regard to what they want to purchase. As usual, retailers like to buy vehicles that they can prepare quickly for retail, therefore models requiring longer preparation times have usually been the last to sell unless the price had been right. As we reach this busy time of the year the black book live system will keep abreast of the market and will quickly reflect any changes along the way.

Although downward movements were, on average, less volatile than the previous month, when compared to the same period last year we saw greater reductions across all year and mileage profiles. This came as no surprise due to the fact that there were more lower medium cars in the market than at the same point in 2015. Our trade sales volume research indicated that the increase in volume came mainly from cars up to 3.5 years old, with cars aged between 0.5 - 1.5 years showing the largest percentage increase in volume of 8.40%. This was certainly one of the main reasons underpinning the nervousness around late plated cars in this sector. Coupled with strong new car finance offers and low PCP monthly payments, this made nearly new cars a very hard sell. The Vauxhall Astra (15- ) Diesel, BMW 1 Series (11- ) Diesel and DS DS4 (15- ) are all examples of ranges that had seen values eased back due to late plated cars struggling, with no sign that the pressure will ease in the short term. The Highest Trade Sales Volume Table saw the Volkswagen Golf (13- ) Diesel replace the Ford Focus (11- ) Diesel at the top, with a reshuffle of the other 3 places.
Highest Trade Sales Volume (Sector Share %)  
**Upper Medium**  
BMW 3 SERIES (12-) DIESEL  
9.81%  
VAUXHALL INSIGNIA (09-13) DIESEL  
9.34%  
AUDI A4 (12-15) DIESEL  
6.37%  
VOLKSWAGEN PASSAT (11-15) DIESEL  
4.98%  
MERC C CLASS (11-14) DIESEL  
4.74%  
Sold trade data for August saw a higher number of BMW 3 Series (12-) Diesel than any other model in the upper medium sector, with Vauxhall Insignia (09-13) Diesel (the regular highest trade sales volume model for a long time), just behind. During August, an overall sector downward move was the outcome. There were, however, movements and adjustments up and down in value for many. These were made for a number of reasons; some model ranges have consistently seen older, higher mileage cars under performing when selling and others, with lower numbers of more desirable low mileage cars, achieving good prices. Some have moved back because of late plate pressure twinned with a lack of appetite for nearly new whilst older versions of the same models moving up. During September, it is possible that some main dealers will not need to restock and trade buyers could well take advantage of some cheaper cars at auction as vendors may have to accept the highest bid, causing values to move back.

Highest Trade Sales Volume (Sector Share %)  
**MPV**  
VAUXHALL ZAFIRA (05-15) DIESEL  
6.21%  
VAUXHALL ZAFIRA (05-15)  
5.90%  
PEUGEOT 3008 (09-) DIESEL  
5.29%  
FORD B-MAX (12-)  
3.90%  
FORD C-MAX (10-) DIESEL  
3.82%  
The MPV sector saw values edge down into September. Demand continued to be realistic for the time of year and therefore values have moved down in line with expectations. With a sensible supply of stock available throughout August, buyers had been very specific about what they wanted. This meant that some models that have been popular with buyers have moved up in value even when others in the same range may have moved in the opposite direction. Mapping out the twists and turns of the market has been closely monitored by the black book live system. Dealer feedback for the sector continued to be positive and sold units have continued to be replaced into dealer stocks. Once again poor quality models that have been worked hard and have covered high mileage have still not been at the top of the retailers list and therefore have continued to be hard to sell. As we enter this usually busy time of the year retailers seem very positive on the whole and expectations, within this sector seem, high for most.
Executive

This sector continued to see values decline but this had been more or less in line with the previous month. That being said, they did appear stronger than at the same period last year. With no real shortage of stock buyers were more selective with regard to models and specification. There were a number of heavily discounted new car offers available which also applied price pressure and tempted buyers away from used examples. Our internal disposal data volumes for this sector indicated that used vehicle supply had increased by 8.05% from the same period last year. And the sector share as a percentage of our overall disposal data showed an increase from 3.8% in 2015 to 4.3%. Some notables movements were the Audi A5 Sportback (11-) Diesel which had seen a reduction in value, however, the Multitronic models received larger negative movement reflecting a weak market performance. The Mercedes E Class (13-) also saw reduced values due to weaker trade sale values.

SUV

The usual seasonal trend continues for this sector as it fares better on the whole than the overall market. Behind the scenes, the larger and more capable models (especially those in lower numbers) are the cars that buyers are willing to pay good money for and more so, as you would expect, in good condition and with the right specification. The fate of this sector in the past, throughout the next few months, always depended mainly on the weather. However, as many models are in much higher volume now, especially in the medium sized segment, then the true 4x4 and the family run-arounds tend to be split now. The increase in volume is highlighted in the highest trade sales volume table. This was once dominated by Nissan but we see more and more manufacturers entering the top 5 on a regular basis. Regular entrants are Ford and Kia, this month sees Ford Kuga (12-) Diesel once again but, despite large volumes throughout August, values hold up and remain level.

Convertible

This sector continued to weaken in line with the overall market and as has to be expected for this point in the season. Further price erosion is likely to take place as demand will soften as we head towards Autumn. All of the top five trade sales cars listed have received downward adjustments but most of these reductions have been relatively modest as volume begins to contract, in turn, balancing the weakening in demand. Dealers will understandably become nervous about stocking these cars now and are likely to bid accordingly.

**Highest Trade Sales Volume (Sector Share %)**

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Make</th>
<th>Model</th>
<th>Sector Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>AUDI A6</td>
<td>Diesel</td>
<td>14.28%</td>
</tr>
<tr>
<td>2016</td>
<td>BMW 5 SERIES</td>
<td>Diesel</td>
<td>12.13%</td>
</tr>
<tr>
<td>2017</td>
<td>MERC E CLASS</td>
<td>Diesel</td>
<td>10.77%</td>
</tr>
<tr>
<td>2018</td>
<td>BMW 5 SERIES</td>
<td>Diesel</td>
<td>6.87%</td>
</tr>
<tr>
<td>2019</td>
<td>JAGUAR XF</td>
<td>Diesel</td>
<td>5.51%</td>
</tr>
</tbody>
</table>

**Highest Trade Sales Volume (Sector Share %)**

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Make</th>
<th>Model</th>
<th>Sector Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>NISSAN JUKE</td>
<td>(10-)</td>
<td>4.54%</td>
</tr>
<tr>
<td>2018</td>
<td>NISSAN QASHQAI</td>
<td>(10-14) Diesel</td>
<td>4.47%</td>
</tr>
<tr>
<td>2019</td>
<td>FORD KUGA</td>
<td>(12-) Diesel</td>
<td>4.14%</td>
</tr>
<tr>
<td>2020</td>
<td>VAUXHALL MOKKA</td>
<td>(12-)</td>
<td>4.04%</td>
</tr>
<tr>
<td>2021</td>
<td>KIA SPORTAGE</td>
<td>(10-16) Diesel</td>
<td>3.99%</td>
</tr>
</tbody>
</table>

**Highest Trade Sales Volume (Sector Share %)**

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Make</th>
<th>Model</th>
<th>Sector Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>BMW 1 SERIES</td>
<td>CONVERTIBLE (08-13) Diesel</td>
<td>5.70%</td>
</tr>
<tr>
<td>2009</td>
<td>AUDI A3 CABRIOLET</td>
<td>(08-13) Diesel</td>
<td>5.44%</td>
</tr>
<tr>
<td>2010</td>
<td>FIAT 500C</td>
<td>(09-)</td>
<td>5.09%</td>
</tr>
<tr>
<td>2011</td>
<td>MERC E CLASS</td>
<td>CABRIOLET (13-) Diesel</td>
<td>4.84%</td>
</tr>
<tr>
<td>2012</td>
<td>BMW MINI</td>
<td>CONVERTIBLE (10-15)</td>
<td>4.58%</td>
</tr>
</tbody>
</table>
Highest Trade Sales Volume (Sector Share %)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sector Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUDI TT (06-14)</td>
<td>12.48%</td>
</tr>
<tr>
<td>AUDI TT (08-14) DIESEL</td>
<td>10.16%</td>
</tr>
<tr>
<td>PEUGEOT RCZ (10-15)</td>
<td>7.49%</td>
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<tr>
<td>AUDI TT (14- )</td>
<td>4.46%</td>
</tr>
<tr>
<td>AUDI S3 (13- )</td>
<td>3.57%</td>
</tr>
</tbody>
</table>

Once again this sector was relatively consistent and although it weakened, the reductions to values in percentage terms remained one of the lowest. This is similar to the pattern witnessed in previous months and, with the exception of the Audi TT (14-), all of the highest trade sales volumes listed received modest reductions in value. The low, controlled return volumes of the Audi have helped this particular model remain stable. One car worthy of note is the Toyota GT86 (12-) which has been in low supply and the level of demand has been such that it is one of the few cars to receive an increase in value based on sales performance.

Notable Movers 3yr 60k

<table>
<thead>
<tr>
<th>Generation Name</th>
<th>Min £</th>
<th>Min £</th>
<th>Avg £</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUDI A3 (12- ) DIESEL</td>
<td>-225</td>
<td>-100</td>
<td>-135</td>
</tr>
<tr>
<td>AUDI A4 (12-15) DIESEL</td>
<td>-350</td>
<td>-150</td>
<td>-222</td>
</tr>
<tr>
<td>AUDI A6 (11- ) DIESEL</td>
<td>-250</td>
<td>-100</td>
<td>-163</td>
</tr>
<tr>
<td>AUDI Q7 (09-15) DIESEL</td>
<td>150</td>
<td>250</td>
<td>223</td>
</tr>
<tr>
<td>BMW 5 SERIES (10-13) DIESEL</td>
<td>-200</td>
<td>-100</td>
<td>-158</td>
</tr>
<tr>
<td>BMW MINI COUNTRYMAN (10- ) DIESEL</td>
<td>-100</td>
<td>-75</td>
<td>-90</td>
</tr>
<tr>
<td>FORD B-MAX (12- )</td>
<td>-125</td>
<td>-75</td>
<td>-100</td>
</tr>
<tr>
<td>FORD C-MAX (10- ) DIESEL</td>
<td>-175</td>
<td>-100</td>
<td>-146</td>
</tr>
<tr>
<td>FORD GALAXY (10-15) DIESEL</td>
<td>-150</td>
<td>-75</td>
<td>-114</td>
</tr>
<tr>
<td>HONDA CR-V (12- ) DIESEL</td>
<td>-150</td>
<td>-100</td>
<td>-127</td>
</tr>
<tr>
<td>LAND ROVER DISCOVERY (09- ) DIESEL</td>
<td>200</td>
<td>250</td>
<td>225</td>
</tr>
<tr>
<td>LAND ROVER RANGE ROVER EVOQUE (11- ) DIESEL</td>
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<td>248</td>
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<tr>
<td>NISSAN JUKE (10- )</td>
<td>-125</td>
<td>-50</td>
<td>-75</td>
</tr>
<tr>
<td>SKODA YETI (09- ) DIESEL</td>
<td>-250</td>
<td>-125</td>
<td>-173</td>
</tr>
<tr>
<td>VAUXHALL ADAM (12- )</td>
<td>-125</td>
<td>-75</td>
<td>-96</td>
</tr>
<tr>
<td>VAUXHALL INSIGNIA (09-13) DIESEL</td>
<td>-100</td>
<td>-50</td>
<td>-76</td>
</tr>
<tr>
<td>VAUXHALL MOKKA (12- )</td>
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<td>-75</td>
</tr>
<tr>
<td>VAUXHALL ZAFIRA (05-15)</td>
<td>-100</td>
<td>-75</td>
<td>-85</td>
</tr>
<tr>
<td>VOLKSWAGEN GOLF (09-14) DIESEL</td>
<td>-425</td>
<td>-75</td>
<td>-182</td>
</tr>
<tr>
<td>VOLVO V40 (12- ) DIESEL</td>
<td>-150</td>
<td>-75</td>
<td>-95</td>
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</table>